

Child Care Assistance



Purpose

The Child Care Assistance (CCA) Program supports low-income families with working parents, parents gaining work skills, or parents going to school. In addition to paying for child care, this appropriation supports the regulation of child care providers and quality improvement activities.

Who Is Helped

Child Care Assistance provides financial assistance for children under the age of 13 in:

- Families whose parents are: (1) working at least 28 hours per week; or (2) in school full time; or (3) effective July 1, 2014, are working and in school for a combined minimum of 28 hours per week; and (4) have income below 145 percent of the Federal Poverty Level (FPL).
- Families with children with special needs where parents are working or are in school full time with incomes up to 200 percent FPL.
- Families receiving Family Investment Program benefits and are participating in PROMISE JOBS (PJ).

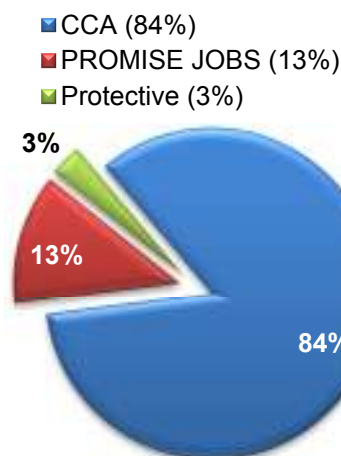
Protective Child Care is available to children who have been abused or neglected.

In SFY14, 40,553 children were served.

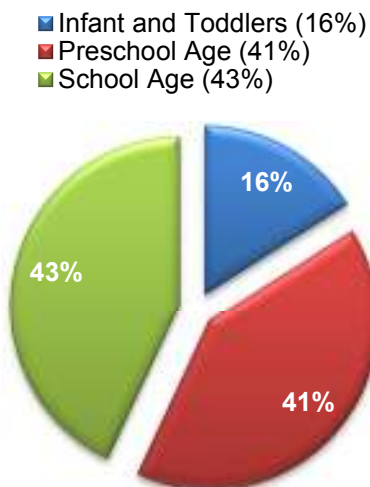
- A monthly average of 22,603 children received a child care service, a 2.9 percent decrease from SFY13.
- PROMISE JOBS and Protective Child Care caseloads are expected to stabilize or remain stable in SFY15 with no significant changes in SFY16 or SFY17. Legislation that took effect July 1, 2014, is expected to cause the regular CCA caseload to increase during SFY15 & SFY16, and then stabilize for SFY17. Without this change, this caseload would have remained relatively stable for SFY15-SFY17.

The average CCA child is of pre-school age, has one sibling and lives in a one-parent family. The parent is working. The family income is below 100 percent of the FPL and therefore does not have a co-pay for services.

Number of Children Served SFY14



Ages of Children Served SFY14



- ✓ *The 2014 Federal Poverty Level for a family of three is \$19,790. A family of three can earn up to \$28,716 annual gross wages and remain eligible for CCA.*
- ✓ *In SFY14, 94.7 percent of families needing child care were employed, about 1.0 percentage point increase over SFY13.*
- ✓ *In 2014, the state legislature passed, and the Governor approved, legislation allowing parents to combine work and school hours to become eligible for CCA.*

Services

The Child Care Assistance program allows parents to choose their child care provider. Providers include:

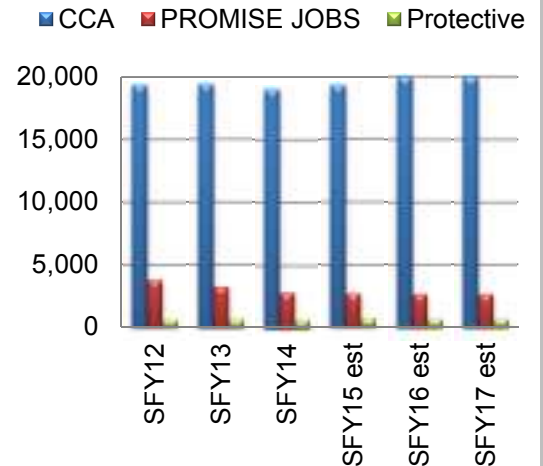
- 1,293 licensed child care centers.
- 3,555 registered child care development homes. In-home providers caring for six or more children at one time must register.
- 1,934 legally operating, non-registered providers who receive payment under the CCA program. Providers caring for five or fewer children at one time are not required to be regulated.

Activities other than child care assistance funded by this appropriation:

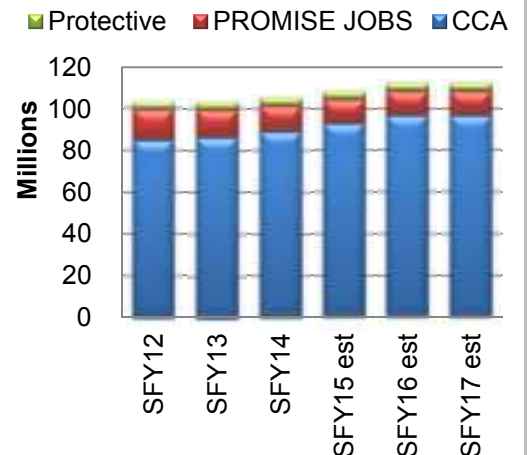
- The five Child Care Resource and Referral contracts and the 17 wraparound child care contracts. Both increase access to quality services/providers. Management and oversight of these contracts is performed by General Administration staff.
- The Quality Rating System (QRS) which identifies and promotes quality in child care services. The QRS is voluntary for providers. Management and oversight for this program is performed by General administration staff.
- Regulation activities which are carried out by Field Operations and General Administration staff.

In addition, Child Care Assistance and Protective Child Care eligibility and payment activities are performed by DHS Field Operations. PROMISE JOBS child care eligibility activities are performed by Iowa Work Force Development staff.

Average Monthly Number of Children Served



Expenditures By Type



- ✓ *More than 82 percent of child care bills are submitted electronically.*
- ✓ *100 percent of child care centers are visited annually.*

Goals & Strategies

Goal: Improve Iowans Employment and Economic Security

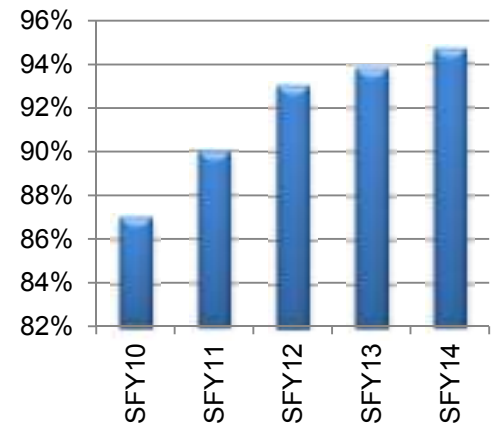
Strategies:

- Provide child care assistance to support working families.
- Promote the use of quality child care services.
- Ensure child care payments are made timely.

SFY14 Results

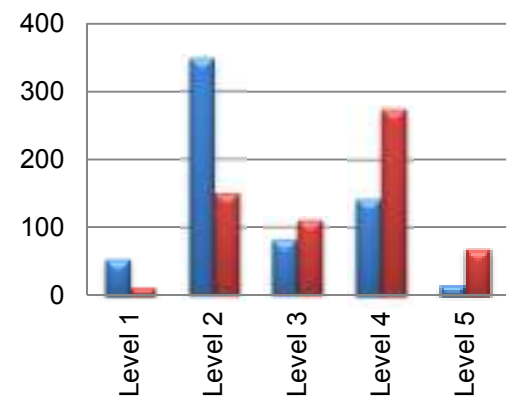
- 94.7 percent of families paid under CCA received assistance due to employment.
- 90 percent of children were cared for in regulated settings.
- 91 percent of all CCA expenditures were made to regulated providers.
- 99.7 percent of correctly submitted child care bills were paid within 10 days.

Percentage of CCA Families Employed



QRS Level Achieved June 2014

■ Child Development Homes (639 total)
■ Child Care Center (613 total)



Cost of Services

The average annual child care assistance benefit per child in SFY14 was \$4,652.

With the change in policy to support parents who are working and in school, and with an increased use of regulated care, for SFY15, the average annual child care assistance benefit per child in SFY15 is estimated at \$4,767.

- ✓ *Current child care reimbursement rates are based on a 2004 Market Rate Study (MRS). The Child Care and Development Fund (CCDF) regulations require states to conduct a MRS every two years and to set their rates based on that information to assure access.*

Funding Sources

Child Care Assistance programs are funded by state general funds and federal funds, including the Child Care Development Fund (CCDF) and TANF (Temporary Assistance for Needy Families).

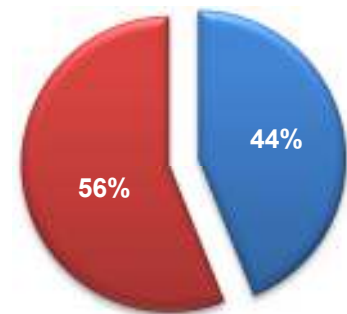
The total Child Care Assistance budget for SFY16 is \$130,795,832:

- \$57,387,027 (44 percent) state general fund
- \$73,408,805 (56 percent) federal

The total Child Care Assistance budget for SFY17 is \$130,795,832:

SFY16 Funding

- State General Fund (44%)
- Federal Funds (56%)



- ✓ *The CCDF is a capped federal block grant. Child care is not a federal entitlement and there are a specific amount of federal funds available to states. Iowa consistently receives all available CCDF.*
- ✓ *Up to 30 percent of TANF funds can be transferred to CCDF and SSBG combined. The combined maximum amount is currently being transferred to those programs.*
- ✓ *CCDF Reauthorization – pending in Congress. Final funding authorizations are unknown. New mandates within Reauthorization, funded or unfunded, are unknown.*
- ✓ *Revised CCDF rules are pending. Final rules anticipated in late 2014 pose significant unfunded mandates. One of the changes would require all states to use a 12-month certification period compared to Iowa's 6-month period.*

SFY16 & SFY17 Budget Drivers

The total SFY16 Child Care Assistance budget request reflects a \$10,254,947 (21.8 percent) general fund increase from the SFY15 Enacted Appropriation.

The total SFY17 Child Care Assistance budget request likewise reflects a \$10,254,947 (21.8 percent) general fund increase from the SFY15 Enacted Appropriation and a status quo budget at the SFY16 requested amount. Both caseloads and cost per case are expected to remain stable in SFY17 at the SFY16 levels.

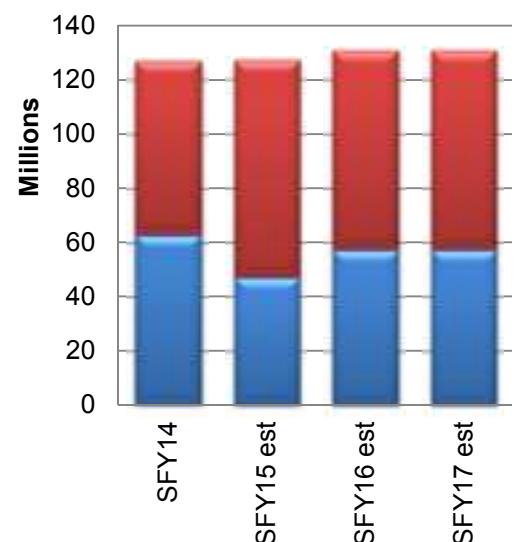
The key budget drivers of the SFY16 & SFY17 increase are:

- Overall increase in caseloads due to the dual need policy change.
- The need to replace the federal carry forward budgeted for use in SFY15 to restore funding to the SFY15 level.
- The need to replace a projected small decline of CCDF funds. This does not include any possible future sequestration impact.

The SFY17 budget request does not include any potential impact related to pending federal regulations.

Total Budget Funding Mix

- Federal
- State General Fund



	<p>✓ <i>Federal funding for CCDF is partially subject to annual sequestration reductions required under the Budget Control Act of 2011 (BCA, P.L. 112-25). The impact of future sequestration is unknown and has not been included in CCDF funding estimates.</i></p>
Legal Basis	<p>Federal:</p> <ul style="list-style-type: none"> • Section 418 of Title IV-A of the Social Security Act, as amended • Title VI of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 • Child Care and Development Fund Block Grant Act of 1990 • Code of Federal Regulations 45, Parts 98 and 99 <p>State:</p> <ul style="list-style-type: none"> • Iowa Code, Chapters 237A and 256I